VZCZCXRO6346
PP RUEHROV
DE RUEHDS #0752 0911238
ZNR UUUUU ZZH
P 011238Z APR 09
FM AMEMBASSY ADDIS ABABA
TO RUEHC/SECSTATE WASHDC PRIORITY 4272
INFO RUCNIAD/IGAD COLLECTIVE PRIORITY
RUEPADJ/CJTF HOA PRIORITY
RUEAIIA/CIA WASHINGTON DC PRIORITY
RUEKDIA/DIA WASHINGTON DC PRIORITY
RHMFIUU/HQ USCENTCOM MACDILL AFB FL PRIORITY
RUEKJCS/JOINT STAFF WASHINGTON DC PRIORITY
RUCPDOC/DEPT OF COMMERCE WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC

UNCLAS ADDIS ABABA 000752

SENSITIVE
SIPDIS

TREASURY FOR OTA - LINDA DUBIEL

E.O. 12958: N/A
TAGS: ECON EFIN PREL ET
SUBJECT: CENTRAL BANK EASES REMITTANCE FLOWS, MOVING AML EFFORTS

¶1. (U) On 26 March 2009, EconOff met with the National Bank of Ethiopia's (NBE, Ethiopia's central bank and the regulator of all private banks in country) legal department head Kibre Moges to discuss reports claiming that the Government of Ethiopia (GoE) had relaxed the process for international remittance transfers by Ethiopian nationals from abroad. The media reported in mid-February that the NBE had issued a directive allowing remittances from any source, rather than requiring correspondent banking relationships with source banks. Moges indicated that despite the recent press reports, NBE had issued no new directives regarding remittances. Moges continued that NBE had eased the process of remittances prior to the press reports, but had done so without working counter to anti-money laundering/countering terrorist financing (AML/CFT) efforts.

¶2. (U) Moges indicated that in order to increase foreign currency reserves, NBE had lifted all processing fees and charges associated with the transfer of remittances. Further, NBE had issued a press release stating that the transfer process would become more efficient. Moges was very clear that the NBE directive published in 2006 (FXD/30/2006) regarding the provisions for international remittance services had not been altered or circumvented by NBE's public statements. Instead, Moges suggested that the public statements had been designed to increase public awareness of the efforts NBE was undertaking to ease the remittance process in order to increase the flow of foreign currency into Ethiopia.

¶3. (U) Separately, Moges did indicate that Prime Minister Meles Zenawi had directed NBE to prioritize efforts to finalize adopting still draft AML/CFT regulations into law. Though anti-money laundering legislation had previously been added to Ethiopia's criminal code, the government has made no progress toward completing the AML/CFT laws. Moges said that NBE had shared the draft law with commercial banks for comment in late March and she expected the House of People's Representatives to have ratified the laws by circa late-May 2009.

COMMENT

¶4. (SBU) We are encouraged by Moges's confirmation that NBE has not eroded its limited existing AML/CFT safeguards to attract additional remittances. Still, the NBE decision to forego desperately needed government revenue, in the form of fees, in order to attract additional remittances does shed light on how dire the government perceives the current foreign exchange crisis to be. It also suggests that the government does not have a more lasting long-term solution to the crisis in mind. Separately, the fact that the Prime Minister became involved in pressing for finalization of an AML/CFT regime suggests that the Embassy's continued engagement with his chief economic officer -- and the Prime Minister himself -- may be

beginning to show progress.

YAMAMOTO